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Scoring a stake: Some clients want a piece of pro sports action
By Rob Burgess
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Fractional ownership of sports teams isn't exactly a new concept. Just look at the National Football League (NFL).

The Green Bay Packers have been a publicly owned nonprofit corporation since 1923. Today, there are around 5,204,625 shares owned by 538,967 stockholders — none of whom receive dividends, according to the team.

And the Packers stood alone in the NFL on the ownership front for more than a century. Until last year.

NFL owners voted in August 2024 to allow private equity funds to buy stakes in teams. Up to 10% of a team can now be owned by private equity funds (though they have zero play-calling rights and a hard limit of six teams per firm).

First to act on the rule change was Arctos Partners, which in December 2024 snapped up 10% of the Buffalo Bills. Soon after, Ares Management purchased 10% of the Miami Dolphins. The floodgates opened from there.

Many industry players, including Bank of America's private bank, have taken notice.

But advisors with experience in fractional sports team ownership say there are many factors to consider; after all, it isn't a typical alternative investment.

Rule changes spark investor demand
When looking at the numbers, it's no wonder so many investors want in. Across the past 10 NFL teams that sold, seven outperformed the S&P 500 on a percentage-gained basis in the period since the sale, according to a September 2024 CNBC study.

Several clients, particularly high net worth individuals and former professional athletes, have expressed strong interest in owning fractional or minority stakes in sports teams, said Danita Harris, CEO of GUICE Wealth Management in New York.

"In most cases, this interest stems from a combination of passion for the game, prestige and the desire to be part of a legacy asset with long-term value," she said. "One client, for example, sought ownership in a minority stake of a regional Major League Soccer franchise as a legacy play tied to a community development initiative."

The motivations are remarkably consistent, said Michael Ashley Schulman, founding partner and chief investment officer at Running Point Capital Advisors in El Segundo, California, who has had clients ask "if they can do a little Ted Lasso side quest and buy into a team." He said they are looking for "status, a trophy or fun investments that they can enjoy watching and rooting for and that they may fundamentally understand better than the latest quasi AI startup or specialty finance private credit fund."

"There is also the belief that sports can be an inflation-proof store of value as ticket prices have gone up far more over the last 30 years than has the price of an actual football, baseball or basketball," he said. "And sometimes there is a passion angle for that hometown team."

Illiquid, opaque and high stakes

The surface appeal of fractional sports ownership might be high, but there are important caveats to consider.

Such investments are illiquid, often opaque in valuation and tied to variables such as media rights, stadium deals and league revenue sharing, said Harris.

"For the right client — especially those who value cultural capital and long-term appreciation — they can be compelling," she said. "But they're not suitable for every portfolio."

While the long-term appreciation narrative has been real, the cash yield is slim, said Schulman. Many sports teams have been money pits on their path to higher valuations with deep pocketed owners willing to fill the hole, he said.

"Sales or exits face league-approval traffic lights," he said. "In other words, you may be trading quarterly distributions for a slow-burn capital-gain story and top-shelf cocktail-party swagger."

To evaluate whether a fractional stake is a good idea, Harris said her firm looks at ownership structure, expected return timelines, financial disclosures, operational influence and how the stake fits into the client's overall wealth and legacy strategy.

"We approach it similarly to other alternative investments: measured, mission-aligned, and with clarity on the exit," she said.

Advisors who have clients interested in this sort of investment should benchmark the entry price against recent minority sales and the latest Forbes or Sportico marks to avoid overpaying for A-list glamour, said Schulman.

"Dig into revenue drivers like national media splits, stadium economics and upcoming capital expenditure to gauge real, not just PowerPoint, returns," he said. "Scrutinize exit mechanics like rights of first refusal, buy-sell triggers and holding-period rules, because liquidity for an NFL team, or any sports team, can

be tougher than a fourth-and-goal, and governance and information rights matter, too."

Investors should stress-test leverage tied to stadium debt and owner guarantees, and ask whether market demographics, international games or celebrity halos can extend valuation growth beyond the next media cycle, said Schulman.

"If the numbers work, welcome to the fractional owners' box," he said. "If not, you can enjoy the nachos from your 80-inch OLED."